



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

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First District, San Francisco

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Third District, Rolling Hills Estates

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

BARBARA ALBY
Acting Member
Second District, Sacramento

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
September 14-15, 2010
NOTICE AND AGENDA
Meeting Agenda (as of 5:00 p.m., 09/03/10)

Agenda Changes

Webcast on Tuesday, September 14, 2010

Tuesday, September 14, 2010

Board Committee Meetings\*

These items are scheduled for Wednesday, September 15, 2010.

10:00 a.m. Board Meeting Convenes\*\*

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Meeting\*\*

Special Presentations ..... Ms. Yee

- Presentation of Retirement Resolutions
• Randie L. Henry
• Ramon J. Hirsig

A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearings
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- B1. James N. Smith, 510914 +
For Appellant: James N. Smith, Taxpayer
Charles E. Smith, Jr., Attorney
For Franchise Tax Board: Jane Perez, Tax Counsel
Suzanne Small, Tax Counsel

- B2. [Douglas Gail Hufnagel and Robyn Hufnagel, 510017 +](#)  
 For Appellant: Douglas Hufnagel, Taxpayer  
 Dale Hoppes, Representative  
 For Franchise Tax Board: Suzanne Small, Tax Counsel  
 Marguerite Mosnier, Tax Counsel
- B3. [Sophia A. Dority, 506726 +](#)  
 For Appellant: Sophia A. Dority, Taxpayer  
 For Franchise Tax Board: Diane Ewing, Tax Counsel  
 Kathleen Cooke, Tax Counsel
- B4. [Teresa Benjamin, 487973 +](#)  
 For Appellant: Jeff Johnston, Representative  
 For Franchise Tax Board: Marguerite Mosnier, Tax Counsel  
 Suzanne Small, Tax Counsel

**C. Sales and Use Tax Appeals Hearings**

These items are scheduled for the afternoon session and for Wednesday, September 15, 2010.

**D. Special Taxes Appeals Hearings**

These items are scheduled for Wednesday, September 15, 2010.

There are no items for the following matters:

- E. Property Tax Appeals Hearing  
 F. Public Hearings

**G. Tax Program Nonappearance Matters – Consent**

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- G1. Legal Appeals Matters ..... Ms. Kim
- Hearing Notices Sent – No Response
    1. Sermed Hanna, 458269 (KH)
    2. J. J. Re-Bar Corporation, 439385 (KH)
  - Hearing Notices Sent – Appearance Waived
    3. Greg Childress, Inc., 415437 (UT)
    4. Paramount Disc Manufacturing, Inc., 492202 (EA)
  - Petitions for Release of Seized Property
    5. Khaled W. Zakher, 532992 (ET)
    6. Chi Linh Do, 530886 (ET)
- G2. Franchise and Income Tax Matters .....Ms. Kelly
- Hearing Notice Sent – No Response
    1. Lynn Figone (Gallagher), 479637
  - Decisions
    2. Christopher Barker, 461542
    3. James Bertuzzi and Kristine Bertuzzi, 459767

4. Ronald A. Brown, 493197
  5. Bradley S. Doland, 507702
  6. Katherine J. Dunn, 496110
  7. Alma Leticia Garcia, 504669
  8. Beth-Ann Kozlovich and Jeff Kozlovich, 419987
  9. Dean R. Lewinson and Mary K. Quinn Lewinson, 489727
  10. Martha S. Milicich, 422550
  11. Yina Nunez, 473874
  12. Ravindranath Patel, MD and Naina Patel, 467727
  13. Jonathan B. Ryder, 476244
  14. Leonard Shlain (Deceased) and Ina Gyemant, 485102
  15. Lonalee Virgo, 506900
- Petitions for Rehearing
16. Daniel L. Mahnke, 473875
  17. Frank Martin, 489367
  18. Darrell L. Rich, 462017
  19. Clovus M. Sykes, 492696, 492702
- G3. Homeowner and Renter Property Tax Assistance Matters .....Ms. Kelly
- Decisions
1. Yolanda Biggs, 425550
  2. Astrid Hilo, 449844
  3. Denna Hornesby, 472836
  4. David P. Jason II, 423016
  5. Vu C. Luong, 445403
  6. Elfriede Maitland, 485635
  7. Ranasee Maldonado, 443875
  8. Judith A. Manko, 444489
  9. Gilma Martinez, 445538
  10. Linda Mondragon, 484950
  11. Gregory W. Petersen, 426152
  12. Earnest Robinson III, 440641
  13. Eduardo Rodriguez, 426186
  14. Denise A. Sherwood, 436035
  15. Kimberly A. Van Vorst, 450024
  16. Betty J. Wilson, 404993
- G4. Sales and Use Taxes Matters.....Ms. Henry
- Redeterminations
1. Horiba/Stec Incorporated, 520562 (GH)
  2. Roberto Jourdain, 439351 (FH)
  3. Explorer, LLC, 400371 (FH)
  4. Tellabs North America, Inc., 493859 (OH)
  5. Caplugs, LLC, 265927 (OH)
- Relief of Penalty/Interest
6. Home Depot U.S.A., Inc., 534309 (OH)
  7. Tesoro West Coast Company, LLC, 534321 (OH)
  8. Enterprise Rent-A-Car Co. of SF, 534315 (CH)

- Denials of Claims for Refund
  - 9. Sharp Electronics Corp., 467812 (OH)
  - 10. Flextronics Int'l USA, Inc., 504754 (GH)
- Denials of Relief of Penalty/Interest
  - 11. Easy Life Furniture, Inc., 535398 (EA)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Henry

- Refunds
  - 1. Genuine Parts Company, 476502 (OH)
  - 2. City of Long Beach, 487853 (EA)
  - 3. Target Corporation, 465794 (OH)
  - 4. UnionBancal Corporation, 430137 (BH)
  - 5. Autobahn, Inc., 468839 (BH)
  - 6. Professional Hospital Supply, Inc., 524606 (EH)
  - 7. Varian Medical Systems, Inc., 531503 (GH)
  - 8. Hunt & Sons, Inc., 493628 (KH)
  - 9. The Golden 1 Credit Union, 519478 (KH)
  - 10. Idearc Media Services-West, Inc., 535820 (OH)
  - 11. Louis Vuitton North America, Inc., 445179 (OH)
  - 12. Juniper Networks (US), Inc., 511342 (GH)
  - 13. General Petroleum Corporation, 483510 (AA)
  - 14. Nestle Waters North America, Inc., 459609 (OH)
  - 15. Flextronics Int'l USA, Inc., 504754 (GH)
  - 16. Coasthills Federal Credit Union, 478187 (GH)
  - 17. Balboa Thrift & Loan Association, 520168 (FH)
  - 18. Top Auto Finance, Inc., 437892 (AC)
  - 19. Premier America Credit Union, 520568 (AC)
  - 20. Santander Consumer USA, Inc., 462799 (OH)
  - 21. Jungheinrich Lift Truck, 476665 (OH)

G6. Special Taxes Matters  
There are no items for this matter.

G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau

- Refunds
  - 1. Thrifty Payless, Inc., 491285 (ET)
  - 2. Fidelity National Prop & Cas Ins, 535155 (ET) 'CF'

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

**H. Tax Program Nonappearance Matters – Adjudicatory**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- H1. Legal Appeals Matters ..... Ms. Chiu
- Petitions for Release of Seized Property
    1. [Kil Hwan Chang and Myong Jo Chang, 474045 \(ET\) +](#)
- H2. Franchise and Income Tax Matters .....Ms. Kelly
- Decisions
    1. Harvinder Singh Pahal and Satvinder Kaur, 487053
  - Cases Heard Not Decided
    2. Noel Yi and Meiling Yi, 479854

There are no items for the following matters:

H3. Homeowner and Renter Property Tax Assistance Matters

H4. Sales and Use Taxes Matters

- H5. Sales and Use Taxes Matters – Credits, Cancellations,  
and Refunds ..... Ms. Henry
- Credits and Cancellations
    1. Cipriano Espino Salazar, 536110 (AC)

There are no items for the following matters:

H6. Special Taxes Matters

H7. Special Taxes Matters – Credits, Cancellations, and Refunds

H8. Property Tax Matters

H9. Cigarette License Fee Matters

H10. Legal Appeals Property Tax Matters

**I. Tax Program Nonappearance Matters**

There are no items for this matter.

**Chief Counsel Matters**

There are no items for the following matters:

- J. Rulemaking
- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

**Administrative Session**

The following items are scheduled for Wednesday, September 15, 2010.

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

**Q. Closed Session**

These items are scheduled for Wednesday, September 15, 2010.

**1:30 p.m. Board Meeting Reconvenes\*\*****C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- C1. [Janice Groshak Lami, 476370 \(BH\) +](#)  
For Claimant: Janice Groshak Lami, Taxpayer  
Christopher Ong, Representative  
For Department: Cary Huxsoll, Tax Counsel
- C2a. [The Auto Store of Merced, Inc., 476975, 478614 \(KH\) +](#)  
C2b. [Sana Sadeddin, 476973 \(KH\) +](#)  
For Petitioner: Abdel M. Jawad, Taxpayer  
Peter Holtz, Representative  
Cynthia Rasho, Witness  
For Department: Scott Lambert, Hearing Representative
- C3. [Faramarz S. Razi and Sidig Hamidi, 475347 \(CH\) +](#)  
For Petitioner: Faramarz S. Razi, Taxpayer  
Richard A. Stoll, Attorney  
For Department: Scott Lambert, Hearing Representative
- C4. [Ristoranti Piemontesi, Inc., 488832 \(BH\) +](#)  
For Petitioner: Daniel H. Scherotter, Taxpayer  
Eric Potasher, Representative  
For Department: Chris Schutz, Tax Counsel
- C5. [Pedotti Livestock, 484288 \(UT\) +](#)  
For Petitioner: Robert Pedotti, Taxpayer  
For Department: Scott Claremon, Tax Counsel
- C6. [Mary Buntz Steel, 450134 \(UT\) +](#)  
For Petitioner: Mary B. Steel, Taxpayer  
For Department: Andrew Kwee, Tax Counsel
- C7. [Community Flavor, LLC, 469262, 483974 \(CH\) +](#)  
For Petitioner: Erik Miller, Taxpayer  
For Department: Chris Schutz, Tax Counsel
- C8. [Fernando Olvera Barragan and Claudia Olvera, 436181 \(JH\) +](#)  
For Petitioner: Claudia Olvera, Taxpayer  
Fernando Olvera, Taxpayer  
For Department: Scott Lambert, Hearing Representative

**Adjourn** - The meeting will reconvene on Wednesday, September 15, 2010, at 9:30 a.m.

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The hearing location is accessible to people with disabilities. Please contact Joann Richmond at (916) 322-1931, or e-mail [Joann.Richmond@boe.ca.gov](mailto:Joann.Richmond@boe.ca.gov) if you require special assistance.

Diane G. Olson, Chief  
Board Proceedings Division

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- \*\*\* Municipalities are exempt from Contribution Disclosure requirements, for further information please telephone Toya Davis, Contribution Disclosure Analyst at (916) 327-1798 or email: [Toya.Davis@boe.ca.gov](mailto:Toya.Davis@boe.ca.gov).
- + Material is available for this Item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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Wednesday, September 15, 2010

9:30 a.m. Board Committee Meeting Convenes\*

Board Meeting Reconvenes upon Adjournment of the Board Committee Meeting\*\*

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Board Committee Meetings\*

Business Taxes Committee.....Ms. Yee, Committee Chairwoman

- 1. Proposed changes to Regulation 1506, Miscellaneous Service Enterprises
Request approval and authorization to publish proposed amendments to clarify the application of tax to sales of meals at camps.
2. Suggested revisions to Regulation 1807, Petitions for Reallocation of Local Tax.

Property Tax Committee .....Ms. Steel, Committee Chair

- 1. Adoption of Assessors' Handbook Section 401, Change in Ownership
Adoption of assessors' handbook to provide guidance on when a change in ownership takes place for property tax purposes.

Customer Service and Administrative Efficiency Committee.....Ms. Alby, Committee Chair

- 1. Transparency at the Board of Equalization – Summary Report
Update on Board of Equalization's ongoing activities to become more transparent to taxpayers and the public.

**Board Meeting\*\*****B. Corporate Franchise and Personal Income Tax Hearing**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

**B5. [Thomas Litawa, 522390 +](#)**

For Appellant: Thomas Litawa, Taxpayer  
For Franchise Tax Board: Amanda Vassigh, Tax Counsel  
Diane Ewing, Tax Counsel

**C. Sales and Use Tax Appeals Hearings****Local Tax Reallocation Hearing**

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.\*\*\*)

**C9. [Cities of Los Angeles, Roseville, San Diego and Santa Clara, 422182 +](#)**

For Petitioner: Janis Varney, Representative  
Eric Myers, Representative  
  
For Affected Jurisdictions: Robin Sturdivant, Representative  
City of Huntington Beach  
  
For Taxpayer: Warren Barnes, Taxpayer  
Applied Computer Solutions  
  
For Department: Carole Ruwart, Tax Counsel

**Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

**C10. [Jaswant S. Sra, 437185 \(UT\) +](#)**

For Petitioner: Jaswant S. Sra, Taxpayer  
For Department: Cary Huxsoll, Tax Counsel

**C11. [Gladys Lillian Martines, 461496 \(KH\) +](#)**

For Petitioner: Gladys Martines, Taxpayer  
Douglas Broomell, Attorney  
For Department: Andrew Kwee, Tax Counsel

**1:30 p.m. Board Meeting Reconvenes\*\*****D. Special Taxes Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

**D1. [Enrique Ayala Rodriguez, 530984 \(ET\) +](#)**

For Petitioner: Mitchell L. Abdallah, Attorney  
For Department: Stephen Smith, Tax Counsel

**D2. [Ismail Ahmad Karajah, 534141 \(ET\) +](#)**

For Petitioner: Ismail Karajah, Taxpayer  
For Department: Pamela Mash, Tax Counsel

## Administrative Session

### N. Consent Agenda ..... Ms. Olson (Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

#### N1. Retirement Resolutions +

- Michael S. Kopp (deceased)
- Randie L. Henry
- Roberta F. Hinchman
- Ramon J. Hirsig
- Daniel Sakai

#### N2. Approval of Board Meeting Minutes ++

- June 15-18, 2010

#### N3. Approval of 2011 Diesel Fuel Tax Rate for Interstate Users +

Staff recommendation for setting the 2011 calendar year Diesel Fuel Tax Rate for Interstate Users.

#### N4. Approval of 2011 Hazardous Substances Program Fees and Occupational Lead Poisoning Prevention Fee +

Staff recommendation for setting the Hazardous Substances Program Fees and the Occupational Lead Poisoning Prevention Fee for the 2011 calendar year.

#### N5. Approval of 2011 Emergency Telephone Users Surcharge Rate +

Staff recommendation for setting the Emergency Telephone Users Surcharge rate for the 2011 calendar year.

#### N6. Prepayment Rate for Sales Tax on Motor Vehicle Fuel, Diesel Fuel and Jet Fuel +

Section 6480.1 of the Revenue and Taxation Code requires the Board to determine annually by November 1, the rate at which sales tax on motor vehicle fuel, diesel fuel, and jet fuel is to be collected.

#### N7. Summons to Annual Meeting of the Board and County Assessors +

Request approval of summons of county assessors to meet with the Board to discuss issues relating to property assessment administration.

#### N8. Adoption of Property Tax Forms +

- BOE-261-G      2011 Claim for Disabled Veterans' Property Tax Exemption

Revised to increase amount of time a claimant has to file a claim from 30 days to 90 days; deletes requirement that the disabled veteran has a "pending" application with the U.S. Department of Veterans' Affairs.

- BOE-261-GNT 2011 Disabled Veterans' Exemption Change of Eligibility Report

Revised to increase amount of time a claimant has to file a claim from 30 days to 90 days; deletes requirement that the disabled veteran has a "pending" application with the U.S. Department of Veterans' Affairs.

**O. Adoption of Board Committee Reports and Approval of Committee Actions**

- O1. Business Taxes Committee
- O2. Property Tax Committee
- O3. Customer Service and Administrative Efficiency Committee

**P. Other Administrative Matters**

There are no items for the following matters:

- P1. Executive Director's Report
- P2. Chief Counsel Report
- P3. Sales and Use Tax Deputy Director's Report
- P4. Property and Special Taxes Deputy Director's Report..... Mr. Gau
  - 1. [Confidentiality of Information Provided on Possessory Interests Annual Usage Report +](#)  
Commencement of interested parties process regarding confidentiality of Form BOE-502-P, *Possessory Interests Annual Usage Report*.
- P5. [Administration Deputy Director's Report +](#) ..... Ms. Houser
  - 1. Facilities Update  
These items provide information and may require Board action.
    - a. Headquarters Facilities  
Update on the Headquarters remediation project.
    - b. Headquarters Annex  
Update on the Headquarters annex locations.
  - 2. 2010/11 and 2011/12 Budget Update, Furlough Plan and Layoffs  
These items provide information and may require Board action or direction.
    - a. Information regarding the Governor's 2010/11 Budget, Governor's Executive Order and State Employee Furloughs.
  - 3. 2011/12 DRAFT Budget Change Proposals (BCP's)  
An update on the status of the BCP's.
- P6. Technology Deputy Director's Report  
There are no items for this matter.

Announcement of Closed Session ..... Ms. Olson

**Q. Closed Session**

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q2. Discussion of Master Settlement Agreement Tobacco Litigation (Gov. Code, §11126(e).)
- Q3. Pending litigation: Governor Arnold Schwarzenegger, et al. v. State Controller John Chiang, et al., Sacramento County Superior Court, Case No. 34-2009-80000158 (Gov. Code § 11126(e))
- Q4. Pending litigation: Schroeder, et al. v. State Board of Equalization, et al. Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; Frankot, et al. v. State Board of Equalization, et al., Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, Allen, et al. v. State Board of Equalization, et al., Sacramento Superior Court, Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q5. Discussion and action on personnel matters (Gov. Code § 11126(a))

Announcement of Open Session..... Ms. Olson

**Adjourn**

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